

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended December 31, 2008

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	2-4
Basic Financial Statements:	
Government-wide Financial Statements:	
Government-wide Statement of Net Assets	5
Government-wide Statement of Activities	6
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	7
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Assets	8
Statement of Revenues, Expenditures, and Changes in Fund Balances	9-10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Business-Type Funds:	
Statement of Net Assets	12
Statement of Revenues, Expenses and Changes in Net Assets	13
Statement of Cash Flows	14
Notes to Financial Statements	15-22
Required Supplemental Information:	
Budgetary Comparison Schedule – General Fund	23-24
Budgetary Comparison Schedule – Road Fund	25
Budgetary Comparison Schedule – Fire Fund	26
Other Supporting Information:	
General Fund Expenditures by Detailed Account	27-28
Combining Balance Sheet – All Nonmajor Funds	29
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All Nonmajor Funds	30
Current Tax Collection Fund Schedule of Changes in Assets and Liabilities	31
Current Tax Collection Fund Schedule of Cash Receipts and Disbursements	32

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INDEPENDENT AUDITOR'S REPORT

February 20, 2009

To the Township Board
Charter Township of Polkton
Ottawa County, Michigan

We have audited the accompanying financial statements of the governmental activities, business type activities and each major fund of Charter Township of Polkton, Ottawa County, Michigan as of and for the year ended December 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Charter Township of Polkton's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities and each major fund of the Charter Township of Polkton, Ottawa County, Michigan as of December 31, 2008, and the respective changes in financial position and cash flows where applicable, of these activities and funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2008

The Management's Discussion and Analysis report of the Charter Township of Polkton covers the Township's financial performance during the year ended December 31, 2008.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net Assets on December 31, 2008 totaled \$1,902,216.96 for governmental activities and \$271,241.35 for business activities (water). Overall total capital assets remained approximately the same as 2007.

Overall revenues were \$752,532.78 from governmental activities and \$31,276.34 from business-type activities.

Governmental activities had a final billing for the 2007 road construction improvement project this year totaling \$12,909.34. A State Mandated reappraisal project incurred expenses of \$38,394.00 as well as additional office supplies and software in 2008. An expense of \$13,326.00 was put forth toward the development of a new Master Plan. Business activities had no major investment. Taxable value increased by 1.8% over 2007. No new debt was incurred.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental and business-type activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities and business-type activities. These include the General Fund, Road Fund, Public Improvement Fund, Water Fund, Fire Fund and the Senior Services Fund.

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS – ENTITY-WIDE
FINANCIAL INFORMATION - CONDENSED FINANCIAL INFORMATION
December 31, 2008

	Governmental Activities 2007	Governmental Activities 2008	Business-type Activities 2007	Business-type Activities 2008	Total 2007	Total 2008
Current Assets	1 441 256	1 756 083	233 153	222 305	1 674 409	1 978 388
Capital Assets	<u>176 178</u>	<u>596 764</u>	<u>348 921</u>	<u>339 491</u>	<u>937 899</u>	<u>936 255</u>
Total Assets	<u>1 617 434</u>	<u>2 352 847</u>	<u>582 074</u>	<u>561 796</u>	<u>2 612 308</u>	<u>2 914 643</u>
Current Liabilities	431 691	450 630	79 008	70 555	510 699	521 185
Non-current Liabilities	<u>-</u>	<u>-</u>	<u>240 000</u>	<u>220 000</u>	<u>240 000</u>	<u>220 000</u>
Total Liabilities	<u>431 691</u>	<u>450 630</u>	<u>319 008</u>	<u>290 555</u>	<u>750 699</u>	<u>741 185</u>
Net Assets:						
Invested in Capital Assets	588 978	596 764	108 921	119 491	697 899	716 255
Unrestricted	<u>1 009 565</u>	<u>1 305 453</u>	<u>154 145</u>	<u>151 750</u>	<u>1 163 710</u>	<u>1 457 203</u>
Total Net Assets	<u>1 598 543</u>	<u>1 902 217</u>	<u>263 066</u>	<u>271 241</u>	<u>1 861 609</u>	<u>2 173 458</u>
	Governmental Activities 2007	Governmental Activities 2008	Business-type Activities 2007	Business-type Activities 2008	Total 2007	Total 2008
Program Revenues:						
Fees and Charges for services	139 726	161 683	34 949	22 568	174 675	184 251
General Revenues:						
Property Taxes	361 339	393 029	-	-	361 339	393 029
State Revenue Sharing	136 603	166 931	-	-	136 603	166 931
Interest	57 012	29 163	6 015	2 891	63 027	32 054
Miscellaneous	24 354	1 727	3 972	5 817	28 326	7 544
Transfers in (out)	<u>(10 400)</u>	<u>(10 400)</u>	<u>10 400</u>	<u>10 400</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>708 634</u>	<u>742 133</u>	<u>55 336</u>	<u>41 676</u>	<u>763 970</u>	<u>783 809</u>
Program Expenses:						
Legislative	70 811	101 549	-	-	70 811	101 549
General Government	98 169	125 066	-	-	98 169	125 066
Public Safety	126 396	157 858	-	-	126 396	157 858
Public Works	415 233	26 563	34 356	33 501	449 589	60 064
Other	<u>23 557</u>	<u>27 423</u>	<u>-</u>	<u>-</u>	<u>23 557</u>	<u>27 423</u>
Total Expenses	<u>734 166</u>	<u>438 459</u>	<u>34 356</u>	<u>33 501</u>	<u>768 522</u>	<u>471 960</u>
Increase in Net Assets	(25 532)	303 674	20 980	8 175	(4 552)	311 849
Net Assets, January 1	<u>1 624 075</u>	<u>1 598 543</u>	<u>242 086</u>	<u>263 066</u>	<u>1 866 161</u>	<u>1 861 609</u>
Net Assets, December 31	<u>1 598 543</u>	<u>1 902 217</u>	<u>263 066</u>	<u>271 241</u>	<u>1 861 609</u>	<u>2 173 458</u>

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2008

FUND FINANCIAL STATEMENTS

The Township has the following types of funds:

Governmental Funds: Some of the Township's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. The Township's governmental funds include the General Fund, Fire Fund, Road Fund, Senior Services Fund and Public Improvement Fund.

Business-Type Funds: The Township has a Water Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

We continue to pay our water loans as assessments come in. The original 20 year loan taken out in 1998 of \$395,000.00 is now down to \$220,000.00. We did not have a water rate increase this year.

Our cash position in both the governmental and business-type activities remains strong.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services with total expenditures of \$308,060.05.

The Landfill continues to be a major source of income for the Township with \$102,339.82 recorded in 2008.

The Water Fund incurred \$27,750.72 in operating expenses.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

Governmental activities invested \$20,810.49 in capital assets.

Business-type activities invested \$0 in capital assets.

Governmental activities paid \$0 on long-term debt.

Business-type (Water) activities paid \$20,000.00 on water bond principal.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing remains uncertain yet it represents 36% of our General Fund income this year. Growth has slowed to an increase of only 1.8% rate in taxable value. This represents very little increase in the housing starts as well as the infrastructure which goes along with development. Housing starts in 2008 have not increased. The Ottawa County Farms Landfill continues to be a revenue source for the Township which was up a little in late 2008. The donated Sheridan Park property will require continued financial consideration for improvements.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Township's finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Clerk or the Township Treasurer at 616-837-6876.

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS

December 31, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
CURRENT ASSETS:			
Cash in bank	1 146 760 77	5 533 63	1 152 294 40
Investments	305 366 68	145 166 55	450 533 23
Accounts receivable	3 537 46	3 469 21	7 006 67
Taxes receivable	300 417 47	9 655 97	310 073 44
Special assessments receivable	<u>-</u>	<u>58 480 46</u>	<u>58 480 46</u>
Total Current Assets	<u>1 756 082 38</u>	<u>222 305 82</u>	<u>1 978 388 20</u>
NON-CURRENT ASSETS:			
Capital Assets	758 585 49	471 511 00	1 230 096 49
Less: Accumulated Depreciation	<u>(161 821 00)</u>	<u>(132 020 00)</u>	<u>(293 841 00)</u>
Total Non-current Assets	<u>596 764 49</u>	<u>339 491 00</u>	<u>936 255 49</u>
TOTAL ASSETS	<u>2 352 846 87</u>	<u>561 796 82</u>	<u>2 914 643 69</u>
LIABILITIES AND NET ASSETS:			
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	16 205 84	1 845 29	18 051 13
Deferred revenue	<u>434 424 07</u>	<u>68 710 18</u>	<u>503 134 25</u>
Total Current Liabilities	<u>450 629 91</u>	<u>70 555 47</u>	<u>521 185 38</u>
NON-CURRENT LIABILITIES:			
Contracts payable	<u>-</u>	<u>220 000 00</u>	<u>220 000 00</u>
Total Non-current Liabilities	<u>-</u>	<u>220 000 00</u>	<u>220 000 00</u>
Total Liabilities	<u>450 629 91</u>	<u>290 555 47</u>	<u>741 185 38</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	596 764 49	119 491 00	716 255 49
Unrestricted	<u>1 305 452 47</u>	<u>151 750 35</u>	<u>1 457 202 82</u>
Total Net Assets	<u>1 902 216 96</u>	<u>271 241 35</u>	<u>2 173 458 31</u>
TOTAL LIABILITIES AND NET ASSETS	<u>2 352 846 87</u>	<u>561 796 82</u>	<u>2 914 643 69</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended December 31, 2008

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities Net (Expense) Revenue and Changes in Net Assets</u>
FUNCTIONS/PROGRAMS			
Governmental Activities:			
Legislative	101 548 34	-	(101 548 34)
General government	125 066 19	44 175 63	(80 890 56)
Public safety	157 858 22	15 167 00	(142 691 22)
Public works	26 563 18	102 339 82	75 776 64
Other	<u>27 423 18</u>	<u>-</u>	<u>(27 423 18)</u>
Total Governmental Activities	<u>438 459 11</u>	<u>161 682 45</u>	<u>(276 776 66)</u>
Business-Type Activities:			
Water	<u>33 500 72</u>	<u>28 385 65</u>	<u>-</u>
Total Business-Type Activities	<u>33 500 72</u>	<u>28 385 65</u>	<u>-</u>
Total Government	<u><u>471 959 83</u></u>	<u><u>190 068 10</u></u>	<u><u>(276 776 66)</u></u>
General Revenues:			
Transfers			(10 400 00)
Property taxes			393 029 10
State revenue sharing			166 931 30
Interest			29 163 44
Miscellaneous			<u>1 726 49</u>
Total General Revenues			<u>580 450 33</u>
Change in net assets			303 673 67
Net assets, beginning of year			<u>1 598 543 29</u>
Net Assets, End of Year			<u><u>1 902 216 96</u></u>

The accompanying notes are an integral part of these financial statements.

Business-Type Activities	Total
Net (Expense) Revenue and Changes in Net Assets	Net (Expense) Revenue and Changes in Net Assets
-	(101 548 34)
-	(80 890 56)
-	(142 691 22)
-	75 776 64
-	(27 423 18)
-	(276 776 66)
(5 115 07)	(5 115 07)
(5 115 07)	(5 117 07)
(5 115 07)	(281 891 73)
10 400 00	-
-	393 029 10
-	166 931 30
2 890 69	32 054 13
-	1 726 49
13 290 69	593 741 02
8 175 62	311 849 29
263 065 73	1 861 609 02
271 241 35	2 173 458 31

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2008

	<u>General</u>	<u>Road</u>	<u>Fire</u>	<u>Other Nonmajor</u>
<u>Assets</u>				
Cash in bank	1 012 754 17	-	-	-
Investments	-	192 446 86	42 764 42	70 155 40
Accounts receivable	3 537 46	-	-	-
Due from other funds	<u>124 841 71</u>	<u>190 413 99</u>	<u>95 338 68</u>	<u>23 829 69</u>
Total Assets	<u>1 141 133 34</u>	<u>382 860 85</u>	<u>138 103 10</u>	<u>93 985 09</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts payable	15 964 71	-	241 13	-
Deferred revenue	<u>124 841 71</u>	<u>190 413 99</u>	<u>95 338 68</u>	<u>23 829 69</u>
Total liabilities	<u>140 806 42</u>	<u>190 413 99</u>	<u>95 579 81</u>	<u>23 829 69</u>
Fund equity:				
Fund balances:				
Unreserved:				
Undesignated	<u>1 000 326 92</u>	<u>192 446 86</u>	<u>42 523 29</u>	<u>70 155 40</u>
Total fund equity	<u>1 000 326 92</u>	<u>192 446 86</u>	<u>42 523 29</u>	<u>70 155 40</u>
Total Liabilities and Fund Equity	<u>1 141 133 34</u>	<u>382 860 85</u>	<u>138 103 10</u>	<u>93 985 09</u>

The accompanying notes are an integral part of these financial statements.

Total

1 012 754 17
305 366 68
3 537 46
434 424 07

1 756 082 38

16 205 84
434 424 07
450 629 91

1 305 452 47
1 305 452 47

1 756 082 38

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
December 31, 2008

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	1 305 452 47
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	758 585 49
Accumulated depreciation	<u>(161 821 00)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u><u>1 902 216 96</u></u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended December 31, 2008

	<u>General</u>	<u>Road</u>	<u>Fire</u>	<u>Other Nonmajor</u>
Revenues:				
Property taxes	89 571 37	187 128 64	93 071 12	23 257 97
Licenses and permits	19 434 59	-	-	-
State revenue sharing	161 394 00	5 537 30	-	-
Charges for services:				
Property tax administration	34 285 13	-	-	-
Landfill	102 339 82	-	-	-
Interest	23 493 95	2 972 12	1 173 83	1 523 54
Rents	750 00	-	-	-
Special assessments	4 872 91	-	-	-
Miscellaneous	1 726 49	-	-	-
Total revenues	<u>437 868 26</u>	<u>195 638 06</u>	<u>94 244 95</u>	<u>24 781 51</u>
Expenditures:				
Legislative:				
Township Board	101 548 34	-	-	-
General government:				
Supervisor	13 347 45	-	-	-
Elections	7 387 18	-	-	-
Assessor	29 591 44	-	-	-
Clerk	18 836 85	-	-	-
Board of Review	1 219 48	-	-	-
Treasurer	17 923 95	-	-	-
Building and grounds	11 035 84	-	-	-
Cemetery	12 700 00	-	-	-
Public safety:				
Police protection	17 810 76	-	-	-
Fire protection	-	-	88 073 75	-
Ambulance	30 950 00	-	-	-
Protective inspection	12 585 60	-	-	-
Planning Commission	7 117 75	-	-	-
Zoning Board of Appeals	1 320 36	-	-	-
Public works:				
Highways and streets	9 329 76	12 909 34	-	-
Street lighting	3 747 38	-	-	-
Drains	576 70	-	-	-
Other:				
Payroll taxes	4 165 21	-	-	-
Senior services	-	-	-	23 257 97
Capital outlay	6 866 00	-	-	13 944 49
Total expenditures	<u>308 060 05</u>	<u>12 909 34</u>	<u>88 073 75</u>	<u>37 202 46</u>
Excess (deficiency) of revenues over expenditures	<u>129 808 21</u>	<u>182 728 72</u>	<u>6 171 20</u>	<u>(12 420 95)</u>

The accompanying notes are an integral part of these financial statements.

Total

393 029 10
19 434 59
166 931 30

34 285 13
102 339 82
29 163 44
750 00
4 872 91
1 726 49

752 532 78

101 548 34

13 347 45
7 387 18
29 591 44
18 836 85
1 219 48
17 923 95
11 035 84
12 700 00

17 810 76
88 073 75
30 950 00
12 585 60
7 117 75
1 320 36

22 239 10
3 747 38
576 70

4 165 21
23 257 97
20 810 49

446 245 60

306 287 18

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended December 31, 2008

	<u>General</u>	<u>Road</u>	<u>Fire</u>	<u>Other Nonmajor</u>
Other financing sources (uses):				
Transfers out	<u>(50 400 00)</u>	<u>-</u>	<u>-</u>	<u>40 000 00</u>
Total other financing sources (uses)	<u>(50 400 00)</u>	<u>-</u>	<u>-</u>	<u>40 000 00</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	79 408 21	182 728 72	6 171 20	27 579 05
Fund balances, January 1	<u>920 918 71</u>	<u>9 718 14</u>	<u>36 352 09</u>	<u>42 576 35</u>
Fund Balances, December 31	<u><u>1 000 326 92</u></u>	<u><u>192 446 86</u></u>	<u><u>42 523 29</u></u>	<u><u>70 155 40</u></u>

The accompanying notes are an integral part of these financial statements.

Total
(10 400 00)
(10 400 00)

295 887 18
1 009 565 29
1 305 452 47

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended December 31, 2008

NET CHANGES IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS 295 887 18

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(13 024 00)
Capital Outlay	<u>20 810 49</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES 303 673 67

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

STATEMENT OF NET ASSETS – BUSINESS-TYPE FUNDS
December 31, 2008

	<u>Water Fund</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	4 959 88
Investments	145 166 55
Accounts receivable	3 469 21
Special assessments receivable	58 480 46
Due from other funds	<u>10 229 72</u>
Total Current Assets	<u>222 305 82</u>
NON-CURRENT ASSETS:	
Capital Assets	471 511 00
Less: Accumulated Depreciation	<u>(132 020 00)</u>
Total Non-current Assets	<u>339 491 00</u>
TOTAL ASSETS	<u><u>561 796 82</u></u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	1 845 29
Deferred revenue	<u>68 710 18</u>
Total Current Liabilities	<u>70 555 47</u>
NON-CURRENT LIABILITIES:	
Contract payable	<u>220 000 00</u>
Total Non-current Liabilities	<u>220 000 00</u>
Total Liabilities	<u>290 555 47</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	119 491 00
Unrestricted	<u>151 750 35</u>
Total Net Assets	<u>271 241 35</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>561 796 82</u></u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS –
BUSINESS-TYPE FUNDS
Year ended December 31, 2008

	<u>Water Fund</u>
OPERATING REVENUES:	
Charges for Services:	
Water charges	12 072 62
Special assessments	10 495 45
Miscellaneous	<u>5 817 58</u>
Total Operating Revenues	<u>28 385 65</u>
OPERATING EXPENSES:	
Water	18 320 72
Depreciation	<u>9 430 00</u>
Total Operating Expenses	<u>27 750 72</u>
Operating Income	<u>634 93</u>
NON-OPERATING REVENUES (EXPENSES):	
Transfers from other funds	10 400 00
Interest income	2 890 69
Interest expense	<u>(5 750 00)</u>
Net Non-operating Revenues (Expenses)	<u>7 540 69</u>
Change in net assets	8 175 62
Net assets, beginning of year	<u>263 065 73</u>
Net Assets, End of Year	<u><u>271 241 35</u></u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

STATEMENT OF CASH FLOWS – BUSINESS-TYPE FUNDS
Year ended December 31, 2008

	<u>Water Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	27 877 68
Cash payments to supplies	<u>(19 183 58)</u>
Net cash provided (used) by operating activities	<u>8 694 10</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Net borrowings (repayments) with other funds	265 73
Transfers (to) from other funds	<u>10 400 00</u>
Net cash provided (used) by non-capital financing activities	<u>10 665 73</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal on contracts payable	(20 000 00)
Interest on contracts payable	<u>(5 750 00)</u>
Net cash provided (used) by capital and related financing activities	<u>(25 750 00)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on investments	<u>2 890 69</u>
Net increase (decrease) in cash	(3 499 48)
Cash beginning of year	<u>153 625 91</u>
Cash End of Year	<u><u>150 126 43</u></u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Income (loss) from operations	634 93
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:	
Depreciation	9 430 00
(Increase) decrease in receivables	(507 97)
Increase (decrease) in payables	<u>(862 86)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>8 694 10</u></u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Charter Township of Polkton, Ottawa County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Charter Township of Polkton. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental and business type funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Joint Ventures

The Charter Township is a member of Coopersville-Polkton Cemetery Authority. The Charter Township appoints one member to the joint venture's governing board, which then approves the annual budget. The following financial information of the joint venture, obtained from their audit report, is as of June 30, 2008:

Total assets	54 067
Total liabilities	-
Total equity	54 067
Total revenue	46 297
Total expenditures	55 044
Increase (decrease) in fund balance	(8 747)
Total joint venture's outstanding debt	-

The Charter Township is also a member of Coopersville Polkton Area Fire Protection Authority. The Charter Township appoints two members to the joint venture's governing board, which then approves the annual budget. The following financial information of the joint venture, obtained from their audit report, is as of December 31, 2008:

Total assets	567 618
Total liabilities	-
Total net assets	567 618
Total revenue	234 068
Total expenditures	221 209
Increase (decrease) in net assets	12 859
Total joint venture's outstanding debt	-

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Proprietary Funds

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water enterprise fund are charges to customers for services. The enterprise fund also recognizes as operating revenues the tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The Township 2007 tax roll millage rate was 4.1963 mills, and the taxable value was \$93,613,119.00.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$1,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	40-60 years
Furniture and equipment	3-5 years

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Compensated Absences (Vacation and Sick Leave)

Township employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

Note 3 – Deposits and Investments (continued)

The Township Board has designated three banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>1 551 064 96</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	200 000 00
Uninsured and Uncollateralized	<u>1 138 896 12</u>
Total Deposits	<u>1 338 896 12</u>

The Charter Township of Polkton had the following investments at December 31, 2008:

Nonrisk-categorized financial institution pooled funds	<u>450 533 23</u>
Total	<u>450 533 23</u>

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Township manages its exposure to interest rate risk is by participating in financial institution pooled funds and in mutual funds which hold diverse investments that are authorized by law for direct investments.

Concentration of Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The financial institution pooled funds and the mutual funds do not have a rating provided by a nationally recognized statistical rating organization.

The investment policy of the Township contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

Note 3 – Deposits and Investments (continued)

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Note 4 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	124 841 71		
Road	190 413 99		
Fire	95 338 68		
Senior Services	23 829 69		
Water	<u>10 229 72</u>	Current Tax Collection	<u>444 653 79</u>
Total	<u>444 653 79</u>	Total	<u>444 653 79</u>

Note 5 – Capital Assets

Capital asset activity of the Township's Governmental and Business-Type activities for the current year was as follows:

	<u>Balance 1/1/08</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/08</u>
<u>Governmental Activities:</u>				
Land	437 429 00	13 944 49	-	451 373 49
Buildings	277 891 00	-	-	277 891 00
Equipment	<u>22 455 00</u>	<u>6 866 00</u>	<u>-</u>	<u>29 321 00</u>
Total	737 775 00	20 810 49	-	758 585 49
Accumulated Depreciation	<u>(148 797 00)</u>	<u>(13 024 00)</u>	<u>-</u>	<u>(161 821 00)</u>
Net Governmental Capital Assets	<u>588 978 00</u>	<u>7 786 49</u>	<u>-</u>	<u>596 764 49</u>
<u>Business-Type Activities:</u>				
Water System	471 511 00	-	-	471 511 00
Accumulated Depreciation	<u>(122 590 00)</u>	<u>(9 430 00)</u>	<u>-</u>	<u>(132 020 00)</u>
Net Business-Type Capital Assets	<u>348 921 00</u>	<u>(9 430 00)</u>	<u>-</u>	<u>339 491 00</u>

Note 6 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

Note 7 – Pension Plan

The Township has a defined contribution pension plan covering substantially all full time employees. The Township contributes a portion of each employee's annual salary to the plan and the employees contribute an equal amount. Pension expense for the fiscal year ended December 31, 2008, was \$4,891.20.

Note 8 – Changes in Long-Term Debt

A summary of changes in long-term debt follows:

	<u>Balance 1/1/08</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/08</u>
Contract payable – Ottawa County	240 000 00	-	20 000 00	220 000 00
Total	<u>240 000 00</u>	<u>-</u>	<u>20 000 00</u>	<u>220 000 00</u>

Note 9 – Contract Payable – Ottawa County

On March 1, 1998, the Township entered into an agreement with the County of Ottawa whereby the Township agreed to pay amounts to the County to enable the County to make bond principal and interest payments to retire the 1998 bond issue in the principal amount of \$395,000.00. The bonds were issued to fund part of the cost of a water system extension within the Township. The bonds bear interest at the rate of 2.5% per annum. As of December 31, 2008, \$220,000.00 of the bond principal remained outstanding.

<u>Due Date</u>	<u>Principal Amount</u>
4-1-09	20 000 00
4-1-10	20 000 00
4-1-11	20 000 00
4-1-12	20 000 00
4-1-13	20 000 00
4-1-14	20 000 00
4-1-15	25 000 00
4-1-16	25 000 00
4-1-17	25 000 00
4-1-18	<u>25 000 00</u>
Total	<u>220 000 00</u>

Note 10 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

Note 11 – Transfers In and Transfers Out

For the fiscal year ended, December 31, 2008, the Township made the following interfund transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	-	50 400 00
Public Improvement Fund	40 000 00	-
Water Fund	<u>10 400 00</u>	<u>-</u>
Total	<u>50 400 00</u>	<u>50 400 00</u>

Note 12 – Building Permits

As of December 31, 2008, the Township had building permit revenues of \$13,717.00 and building permit expenses of \$12,585.60.

Note 13 – Restatement

An adjustment was made to restate the net assets of governmental activities at January 1, 2008 as follows:

Net Assets – December 31, 2007	1 185 743 29
Prior Period Restatement:	
Capital Asset – Sheridan Park Property	<u>412 800 00</u>
Adjusted Net Assets – January 1, 2008	<u>1 598 543 29</u>

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

Year ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	89 555 00	93 060 00	89 571 37	(3 488 63)
Licenses and permits	13 955 00	16 555 00	19 434 59	2 879 59
State revenue sharing	120 000 00	120 000 00	161 394 00	41 394 00
Charges for services:				
Property tax administration	30 137 00	30 137 00	34 285 13	4 148 13
Landfill	95 000 00	95 000 00	102 339 82	7 339 82
Interest	29 000 00	29 000 00	23 493 95	(5 506 05)
Rents	1 000 00	1 000 00	750 00	(250 00)
Special assessments	5 000 00	5 000 00	4 872 91	(127 09)
Miscellaneous	13 750 00	13 750 00	1 726 49	(12 023 51)
Total revenues	<u>397 397 00</u>	<u>403 502 00</u>	<u>437 868 26</u>	<u>34 366 26</u>
Expenditures:				
Legislative:				
Township Board	136 240 00	109 605 00	101 548 34	(8 056 66)
General government:				
Supervisor	13 600 00	13 600 00	13 347 45	(252 55)
Elections	7 500 00	7 500 00	7 387 18	(112 82)
Assessor	16 420 00	33 110 00	29 591 44	(3 518 56)
Clerk	18 920 00	18 920 00	18 836 85	(83 15)
Board of Review	1 200 00	1 300 00	1 219 48	(80 52)
Treasurer	19 420 00	19 420 00	17 923 95	(1 496 05)
Building and grounds	10 100 00	11 050 00	11 035 84	(14 16)
Cemetery	11 800 00	12 700 00	12 700 00	-
Public safety:				
Police protection	17 000 00	18 300 00	17 810 76	(489 24)
Ambulance	30 000 00	31 000 00	30 950 00	(50 00)
Protective inspection	10 000 00	12 600 00	12 585 60	(14 40)
Planning Commission	7 720 00	7 720 00	7 117 75	(602 25)
Zoning Board of Appeals	1 000 00	1 500 00	1 320 36	(179 64)
Public works:				
Highways and streets	30 000 00	30 000 00	9 329 76	(20 670 24)
Street lighting	4 300 00	4 300 00	3 747 38	(552 62)
Drains	2 000 00	2 000 00	576 70	(1 423 30)
Other:				
Payroll taxes	2 500 00	4 200 00	4 165 21	(34 79)
Capital outlay	-	7 000 00	6 866 00	(134 00)
Total expenditures	<u>339 720 00</u>	<u>345 825 00</u>	<u>308 060 05</u>	<u>(37 764 95)</u>
Excess (deficiency) of revenues over expenditures	<u>57 677 00</u>	<u>57 677 00</u>	<u>129 808 21</u>	<u>72 131 21</u>

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

Year ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Other financing sources (uses):				
Transfers out	(50 400 00)	(50 400 00)	(50 400 00)	-
Total other financing sources (uses)	(50 100 00)	(50 100 00)	(50 400 00)	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	7 277 00	7 277 00	79 408 21	72 131 21
Fund balance, January 1	828 167 00	908 101 00	920 918 71	12 817 71
Fund Balance, December 31	<u>835 444 00</u>	<u>915 378 00</u>	<u>1 000 326 92</u>	<u>84 948 92</u>

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

BUDGETARY COMPARISON SCHEDULE – ROAD FUND

Year ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	186 916 00	186 916 00	187 128 64	212 64
State revenue sharing	5 500 00	5 500 00	5 537 30	37 30
Interest	<u>4 584 00</u>	<u>4 584 00</u>	<u>2 972 12</u>	<u>(1 611 88)</u>
Total revenues	<u>197 000 00</u>	<u>197 000 00</u>	<u>195 638 06</u>	<u>(1 361 94)</u>
Expenditures:				
Public works:				
Highways and streets	<u>-</u>	<u>12 910 00</u>	<u>12 909 34</u>	<u>(66)</u>
Total expenditures	<u>-</u>	<u>12 912 00</u>	<u>12 909 34</u>	<u>(66)</u>
Excess (deficiency) of revenues over expenditures	197 000 00	184 090 00	182 728 72	(1 361 28)
Fund balance, January 1	<u>11 000 00</u>	<u>11 000 00</u>	<u>9 718 14</u>	<u>(1 281 86)</u>
Fund Balance, December 31	<u><u>208 000 00</u></u>	<u><u>195 090 00</u></u>	<u><u>192 446 86</u></u>	<u><u>(2 643 14)</u></u>

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

BUDGETARY COMPARISON SCHEDULE – FIRE FUND

Year ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	93 009 00	93 009 00	93 071 12	62 12
Interest	<u>1 691 00</u>	<u>1 691 00</u>	<u>1 173 83</u>	<u>(517 17)</u>
Total revenues	<u>94 700 00</u>	<u>94 700 00</u>	<u>94 244 95</u>	<u>(455 05)</u>
Expenditures:				
Public safety:				
Fire protection	<u>89 000 00</u>	<u>89 000 00</u>	<u>88 073 75</u>	<u>(926 25)</u>
Total expenditures	<u>89 000 00</u>	<u>89 000 00</u>	<u>88 073 75</u>	<u>(926 25)</u>
Excess of revenues over expenditures	5 700 00	5 700 00	6 171 20	471 20
Fund balance, January 1	<u>33 384 00</u>	<u>33 384 00</u>	<u>36 352 09</u>	<u>2 968 09</u>
Fund Balance, December 31	<u><u>39 084 00</u></u>	<u><u>39 084 00</u></u>	<u><u>42 523 29</u></u>	<u><u>3 439 29</u></u>

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT

Year ended December 31, 2008

Township Board:

Wages	4 060 00
Administrative assistant	13 75
Supplies	4 114 72
Professional services	47 504 35
Legal	22 522 79
Printing and publishing	2 508 17
Insurance	9 585 00
Pension	4 891 20
Miscellaneous	3 971 03
Memberships and dues	1 947 83
Education	429 50
	<u>101 548 34</u>

Supervisor:

Salary	12 900 00
Salary – Deputy	400 00
Office supplies	47 45
	<u>13 347 45</u>

Elections:

Wages	5 347 50
Supplies	970 64
Printing and publishing	1 069 04
	<u>7 387 18</u>

Assessor:

Salary	25 140 19
Supplies	4 451 25
	<u>29 591 44</u>

Clerk:

Salary	18 250 00
Salary – Deputy	70 00
Supplies	516 85
	<u>18 836 85</u>

Board of Review:

Wages	1 059 00
Miscellaneous	160 48
	<u>1 219 48</u>

Treasurer:

Salary	16 450 00
Salary – Deputy	66 00
Supplies	1 407 95
	<u>17 923 95</u>

Building and grounds:

Utilities	5 907 70
Repairs and maintenance	4 695 03
Miscellaneous	433 11
	<u>11 035 84</u>

Cemetery

12 700 00

Police protection

17 810 76

Ambulance

30 950 00

Protective inspection

12 585 60

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT

Year ended December 31, 2008

Planning Commission	<u>7 117 75</u>
Zoning Board of Appeals	<u>1 320 36</u>
Highways and streets	<u>9 329 76</u>
Street lighting	<u>3 747 38</u>
Drains	<u>576 70</u>
Payroll taxes	<u>4 165 21</u>
Capital outlay	<u>6 866 00</u>
Total Expenditures	<u><u>308 060 05</u></u>

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

COMBINING BALANCE SHEET – ALL NONMAJOR FUNDS
December 31, 2008

	<u>Public Improvement</u>	<u>Senior Services</u>	<u>Total</u>
<u>Assets</u>			
Investments	70 155 40	-	70 155 40
Due from other funds	<u>-</u>	<u>23 829 69</u>	<u>23 829 69</u>
Total Assets	<u>70 155 40</u>	<u>23 829 69</u>	<u>93 985 09</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Deferred revenue	<u>-</u>	<u>23 829 69</u>	<u>23 829 69</u>
Total liabilities	<u>-</u>	<u>23 829 69</u>	<u>23 829 69</u>
Fund balances:			
Unreserved:			
Undesignated	<u>70 155 40</u>	<u>-</u>	<u>70 155 40</u>
Total fund balances	<u>70 155 40</u>	<u>-</u>	<u>70 155 40</u>
Total Liabilities and Fund Balances	<u>70 155 40</u>	<u>23 829 69</u>	<u>93 985 09</u>

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL NONMAJOR FUNDS
Year ended December 31, 2008

	<u>Public Improvement</u>	<u>Senior Services</u>	<u>Total</u>
Revenues:			
Property taxes	-	23 257 97	23 257 97
Interest	<u>1 523 54</u>	<u>-</u>	<u>1 523 54</u>
Total revenues	<u>1 523 54</u>	<u>23 257 97</u>	<u>24 781 51</u>
Expenditures:			
Other:			
Senior services	-	23 257 97	23 257 97
Capital outlay	<u>13 944 49</u>	<u>-</u>	<u>13 944 49</u>
Total expenditures	<u>13 944 49</u>	<u>23 257 97</u>	<u>37 202 46</u>
Excess (deficiency) of revenues over expenditures	<u>(12 420 95)</u>	<u>-</u>	<u>(12 420 95)</u>
Other financing sources (uses):			
Transfers in	<u>40 000 00</u>	<u>-</u>	<u>40 000 00</u>
Total other financing sources (uses)	<u>40 000 00</u>	<u>-</u>	<u>40 000 00</u>
Excess of revenues and other sources over expenditures and other uses	27 579 05	-	27 579 05
Fund balances, January 1	<u>42 576 35</u>	<u>-</u>	<u>42 576 35</u>
Fund Balances, December 31	<u><u>70 155 40</u></u>	<u><u>-</u></u>	<u><u>70 155 40</u></u>

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

CURRENT TAX COLLECTION FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
Year ended December 31, 2008

	Balance 1/1/08	Additions	Deductions	Balance 12/31/08
<u>Assets</u>				
Cash in bank	448 551 57	3 095 064 77	3 010 265 43	533 350 91
Taxes receivable	<u>1 830 325 69</u>	<u>3 054 070 73</u>	<u>3 220 085 17</u>	<u>1 664 311 25</u>
Total Assets	<u>2 278 877 26</u>	<u>6 149 135 50</u>	<u>6 230 350 60</u>	<u>2 197 662 16</u>
<u>Liabilities</u>				
Due to other funds	438 981 50	431 712 52	426 040 23	444 653 79
Due to others	<u>1 839 895 76</u>	<u>2 497 337 81</u>	<u>2 584 225 20</u>	<u>1 753 008 37</u>
Total Liabilities	<u>2 278 877 26</u>	<u>2 929 050 33</u>	<u>3 010 265 43</u>	<u>2 197 662 16</u>

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

CURRENT TAX COLLECTION FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
Year ended December 31, 2008

Cash in bank – beginning of year	<u>448 551 57</u>
Cash receipts:	
Tax collections – 2007 tax roll	1 698 903 28
Tax collections – 2008 tax roll	1 391 307 70
Interest	<u>4 853 79</u>
Total cash receipts	<u>3 095 064 77</u>
Total beginning balance and cash receipts	<u>3 543 616 34</u>
Cash disbursements:	
Township General Fund	128 257 96
Township Road Fund	177 853 19
Township Water Fund	9 318 19
Township Fire Fund	88 496 11
Township Senior Services Fund	22 114 78
Ottawa County	929 209 57
Northeast Ottawa District Library	53 075 34
Ottawa Area Intermediate School District	498 514 96
Coopersville Area Public Schools	1 097 341 27
State of Michigan	270 00
Refunds of overpayments	<u>5 814 06</u>
Total cash disbursements	<u>3 010 265 43</u>
Cash in Bank – End of Year	<u><u>533 350 91</u></u>

CAMPBELL, KUSTERER & CO., P.C.

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

February 20, 2009

To the Township Board
Charter Township of Polkton
Ottawa County, Michigan

We have audited the financial statements of the Charter Township of Polkton for the year ended December 31, 2008. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Charter Township of Polkton in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Charter Township of Polkton
Ottawa County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following condition that we would like to bring to your attention:

SEGREGATION OF DUTIES

The Township's system of internal control is affected by the size of the staff that it can employ.

The ultimate accounting system would include enough employees to completely segregate all aspects of each transaction. Different departments or individuals would handle: transaction authorization, transaction execution, asset handling, recording of transactions, review of transactions and subsequent control of assets.

The Township cannot enact a complete segregation of all aspects of each transaction due to the nature of local units of government. The "cost to benefit" relationship also would not justify a complete segregation of all duties.

We recommend that the Township Board Members understand these circumstances when performing their oversight responsibilities.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated December 31, 2008.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants